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ECONOMIC INTELLIGENCE COMMITTEE

ANNUAL REPORT OF THE EIC SUBCOMMITTEE ON SHIPBUILDING, FY 1959

A. Activities of the Subcommittee During Fiscal Year

1. Review of the Intelligence Product

The Subcommittee has undertaken no formal review of the intelligence product on shipbuilding matters. There has been, however, a fairly close informal liaison between subcommittee members which has been mutually helpful. Also ONI and CIA production matters have been coordinated informally between the two Agencies.

2. Research and Collection Deficiencies

a. Research Deficiencies

(1) A statement of the progress during the year in filling priority research deficiencies is attached hereto as Annex A. A review has indicated that Priority Research Deficiency items III and VI in EIC-S-1/13 of 18 March 1957 may be dropped. Other priority deficiencies of research listed should be retained pending a review of this list which will be undertaken by the S. C. during the coming year.

b. Collection Deficiencies

(1) The subcommittee again agrees that in the field of shipbuilding, basic collection requirements are adequately covered by requirements of the individual agencies.

(2) Replies to the Secretariat's questions in the Attachment to EIC-D-371 are as follows:

- (a) The subcommittee has considered to date only the gaps in intelligence on East Germany.
- (b) The S. C. Secretariat has received no comments on these priority gaps.
- (c) The S. C. recommends that the ORR statements be used as a basis for S. C. statements of Priority Collection Deficiencies.

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3. Review of Substantive Papers

The S. C. has reviewed two papers during the past fiscal year and has issued them as S. C. working papers. These are:

EIC-SSC-WP2 - USSR Shipbuilding Techniques and Rates of Production Apparent in the Serial Construction of Kazbek-Class Tankers and Aktyubinsk-Class Refrigeration Vessels.

EIC-SSC-WP3 - Displacement of a "W" Class Submarine.

4. Review of Proposals for External Research

None.

5. Maintenance of Agreed Basic Statistics

The S. C. has reached agreement on USSR ship construction for 1957, 1958 and 1959.

6. Projects Undertaken at the Request of the EIC or Proposed to the EIC

None.

7. Intelligence Research Techniques

Nothing to report.

8. Special Coordination Function of the Subcommittee

Nothing to report.

9. Evaluation of the Role of the S. C.

It is believed that this Subcommittee is of considerable value as a medium of interagency review and coordination and meets the minimum criteria set forth in EIC-D-123/2, General Concept and Functions of EIC Subcommittees.

B. Future Program of the Subcommittee

The subcommittee plans to continue the exchange of information regarding research programs, the coordination of draft papers and the annual agreed estimate on USSR Shipbuilding. It is also planned to review the Priority Research Deficiencies in Shipbuilding during the coming year.

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ANNEX A

Progress Report on Priority Deficiencies of Research

By EIC Subcommittee on Shipbuilding

<u>Gaps in Intelligence</u>	<u>Progress to Date</u>
A. Critical Deficiencies	
I. Methodology for estimating the maximum capability of a shipyard.	(1) EIC-SSC-WP1. Estimate of the industrial capability of the USSR to produce submarines under an industrial mobilization plan - completed. (2) CIA (RR) project on the shipbuilding industry in Economic Region III of the USSR. Completion now scheduled for 1 April 1960. (3) CIA (RR) project on a methodology for estimating ship production capability in the USSR. Completion expected early in FY 60.
II. Studies of major shipbuilding components.	(1) Nothing to report.
III. Input requirements	(1) This Research Deficiency considered fulfilled.
IV. Studies of individual major shipyards.	(1) ONI has completed studies of the facilities of the major shipyards of the USSR for Supplement 1 NIS 26 - 100% completed. (2) CIA (RR) project on the shipbuilding industry in Economic Region III of the USSR will consider the economic aspects of the major shipyards in that region. Completion in FY 60.
V. Studies of minor and small shipyards.	(1) ONI has completed studies of the facilities in the minor and small shipyards in the USSR for Supplement 1 NIS 26. 100% completed.

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Gaps in Intelligence

Progress to Date

VI. Production and repair of merchant ships under 1,000 grt, inland and fishing craft.

(2) CIA (RR) project on the shipbuilding industry in Economic Region III of the USSR will consider the economic aspects of minor shipyards in that region. Completion in FY 60.

VII. Imports and exports of materials, components and new vessels.

(1) ONI has completed Section 64E (shipbuilding) of the NIS for East Germany and that section for the USSR has been completed. Communist China, Rumania and Hungary are being revised.

VIII. Employment in the shipbuilding industry.

(2) CIA (RR) projects covering the construction of ships for the inland, fishing and maritime fleets of the USSR were completed and published as RR 116, RR 125 and RR 129. A project on the maintenance and repair costs of the USSR maritime fleet has been published as RA 26.

IX. Costs of construction of naval and merchant vessels.

(1) ONI has completed Section 64E (shipbuilding) of the NIS for East Germany and that section for the USSR has been completed. Communist China, Rumania and Hungary are being revised.

X. Capital investment in the industry.

(2) CIA (RR) reports RR 116, 125 and 129 cover the imports of ships to the USSR.

(1) ONI has completed Section 64E (shipbuilding) of the NIS for East Germany and that section for the USSR has been completed. Communist China, Rumania and Hungary are being revised.

(1) CIA (RR) report RA 24 estimates the cost of construction of a Soviet destroyer. Another project on USSR shipbuilding costs is scheduled for completion in FY 60.

(2) EIC-SSC-WP2 discusses Techniques and Rates of Production in the construction of two classes of ships in the USSR.

(1) Nothing to report.

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EIC-M-76
11 September 1958

8. Action: The Acting Chairman noted that this SC has been one of the most successful within the EIC, and that many of the programs which it helped develop, such as the Travel Folder, CERP, and NSCID 16 on Foreign Language exploitation, have been of great importance. The Economic Area of ORR is now trying a new approach on collection requirements and in their preparation are referring explicitly to the PNIO's and the PNEIO's. It is intended that these statements should go to the appropriate substantive SC's for review and then to the Requirements SC for appropriate action.

REVIEW OF ACTIVITIES OF THE SUBCOMMITTEE ON SHIPBUILDING

9. Discussion: The Chairman of the Subcommittee on Shipbuilding, Captain Felix Caracciolo, spoke briefly on the activities of the SC and its usefulness as a convenient forum for the exchange of information in this field. It was noted that members of the SC are active in the preparations for the ██████████
25X1X7

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10. Action: The SC, and its officers, were commended for the work which they have done, and for the program which they have in progress. The SC was asked to review their priority research deficiencies in the light of the new PNEIO's, and to review the SC Terms of Reference in line with the new Model Terms of Reference recently sent all Subcommittees.

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Executive Secretary

INTERIM ACTION NOTES:

1. The EIC representatives of the IAC agencies approved by interim action on 9 September 1958, the dissemination of the EIC Biweekly and Semiannual Reports on Sino-Soviet Bloc Economic Activities in Underdeveloped Areas to the newly established Development Loan Fund.

2. The EIC representatives of the IAC agencies, the Departments of Commerce and Interior, and the Office of the Secretary of Defense approved by interim action on 17 September 1958, the revised Terms of Reference for the Subcommittee on Petroleum (see EIC-D-318).

Control No. 488163
EIC-D-320
5 September 1958

EIC/S BRIEF ON SUBCOMMITTEE ON SHIPBUILDING

REFERENCES: General Concept and Functions of EIC Subcommittees,
EIC-D-123/2, 20 December 1955
SC Terms of Reference, approved
SC Annual Report for FY 1956, see EIC-D-187, 19 Oct 56
SC Annual Report for FY 1957, see EIC-D-249, 18 Sep 57
SC Annual Report for FY 1958, see EIC-D-307, 21 Jul 58

1. The SC on Shipbuilding is the "youngest" of EIC SCs, having been activated in March 1955. It met twice in FY 1955, 10 times in FY 1956, 6 times in FY 1957, and 5 times during FY 1958. In addition to the regular SC work, the SC has working groups for estimating shipyard capability and for collection deficiencies. The Working Group on Priority Research Deficiencies completed its assignment in 1957 when the Priority Research Deficiencies Survey was approved in March.

2. Principal activities of the Shipbuilding SC have included: survey of priority deficiencies of research on the Sino-Soviet Bloc; examination of collection deficiencies -- action on which is presently being deferred; review of substantive papers in this field; approval of agreed basic statistics, including an estimate of the USSR industrial capability to produce submarines under an industrial mobilization program which was issued as a SC working paper; and when appropriate, has assisted the IAC ad hoc Committee on Exchanges in the evaluation of delegation exchanges. In FY 1956, the SC took care of the detailed arrangements for a conference on Soviet Bloc shipbuilding jointly sponsored by CNI and CIA, attended by representatives from the [REDACTED] 25X1X7

25X1X7

[REDACTED] as well as U.S. intelligence agencies. SC members also attended the [REDACTED] conference on 25X1X7 Sino-Soviet Bloc shipbuilding in November 1957.

3. Evaluation of the Role of the Subcommittee*

"a. It is believed that this Subcommittee is of considerable value as a medium of interagency review and coordination and meets the minimum criteria set forth in EIC-D-123/2, General Concept and Functions of EIC Subcommittees.

* From SC Annual Report for FY 1958.

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EIC-D-320 (contd.)
5 September 1958

"b. The efficient functioning of the Subcommittee has been impeded principally by difficulties in the security clearance of individual members. This has been discussed in detail with the EIC Executive Secretary."

4. Future Program of the Subcommittee*

"The Subcommittee plans to continue its work on a methodology for estimating the maximum capability of a shipyard looking toward agreed basic statistics on the capabilities of the Bloc shipbuilding industries. Exchange of information regarding research programs and exchange of draft papers for review and coordination will also be continued."

* From SC Annual Report for FY 1958.

NOTES AND RECOMMENDATIONS (FOR CHAIRMAN ONLY)

5. The SC on Shipbuilding is made up of the following:

	<i>Captain</i>
25X1A9a	Navy CMDR Felix Ceraccio, USN, Chairman
	CIA [REDACTED] CIA, Executive Secretary
	State Gustav Poliakow
	Army Colonel Josiah Towne
	Navy (contd.) Ivar D. Soelberg (Alternate)
	Air Force Delbert L. Schreder
25X1A9a	Melvin Abraham (Alternate)
	CIA (contd.) [REDACTED] (Alternate)

6. Of the agencies on the SC, only Navy and CIA reported activity in this field for the survey of personnel engaged in economic intelligence and related economic research (see Tab A, attached). Other agencies are interested in the subject but do no substantive work.

7. Through a comparatively new SC, the Shipbuilding SC has been under able leadership and the membership have been both interested and cooperative in accomplishing the SC program.

8. The SC in its review of collection deficiencies, after consideration, found in March 1958 that no priority deficiencies existed not covered adequately by individual agency requirements, and agreed that any agency observing a priority collection deficiency would bring it before the SC so that the agency having primary interest could place a requirement. Further consideration was tabled for the present.

9. This SC, along with all others, (1) should review their priority research deficiencies in the light of the new PRIORs and (2) is reviewing its Terms of Reference in the light of the revised Model SC Terms of Reference recently sent all SCs.

TAB A

From S-30

Ships (including both military and non-military)

One-man full-time equivalents

<u>BLOC</u>	<u>USSR</u>	<u>Eastern Europe</u> <u>Excl. USSR</u>	<u>Com. China &</u> <u>Far East Sat.</u>	<u>Sino-Soviet</u> <u>Bloc</u>	<u>Total</u>
Navy	0	0	0	1.00	1.00
CIA	<u>2.70</u>	<u>1.10</u>	<u>1.10</u>	<u>.90</u>	<u>2.80</u>
Total	2.70	1.10	1.10	1.90	6.80
<u>NON-BLOC</u>	<u>Europe</u>	<u>Africa</u>	<u>Near</u> <u>East</u>	<u>S. & S.E. Asia</u> <u>and Far East</u>	<u>Western</u> <u>Hemisphere</u>
Navy	0	0	0	0	0
					3.0
					3.0

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